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INFO RUEHKK/ARAB ISRAELI COLLECTIVE
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UNCLAS SECTION 01 OF 02 JERUSALEM 001135

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NSC FOR ABRAMS
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SUBJECT: JERUSALEM MEDIA REACTION (7/01): HAMAS AT A CROSSROADS -
RESISTANCE OR GOVERNANCE

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Main Stories:

The planned release of Lebanese prisoner Samir Kuntar and other Palestinian prisoners by Israel attracts front page coverage in the three dailies. The prisoners' swap deal with Hizbollah, papers explain, also includes the handover of the remains of 200 Palestinian "martyrs" killed by Israel and, "buried at Enemy Cemetery in the north of Israel." The deal is expected to take place in 2 week time, coverage concludes.

Palestinian Authority President Mahmud Abbas' speech at the African Union Summit in Sharm Al- Sheikh on June 30 is highlighted in above-the-fold stories in all dailies. The papers reprint the full text of the speech in which Abbas thanks Africans for their solidarity with the Palestinian people and their cause. Abbas continues that, "negotiations with Israel have not achieved any progress. On the contrary, Israel's policy of aggression against our people continues. The altering of Jerusalem's characteristics continues, in addition to settlement activities, checkpoints in the West Bank, the blockade on the Gaza Strip, non-stop arrest campaigns, and restrictions on the movement of individuals and goods. Despite this, we will not be deterred."

Front pages report that Palestinian Authority Premier Salam Fayyad signed three agreements on June 30 with the World Bank for \$28.7 million in assistance for water and sewage treatment projects. Fayyad commented that, "the economic situation in the Palestinian Territories is very difficult, especially in the Gaza Strip because of the severe blockade and almost total closure of the crossings." He added that implementing the World Bank projects will require

lifting the Gaza blockade and reopening Gaza crossing points.

The three dailies highlight news about a rocket launched on June 30 from the Gaza Strip into southern Israel. The attack caused no injuries and no Palestinian faction has yet claimed responsibility, reporting notes. The incident is the third Palestinian rocket attack on Israeli soil since the announcement of the Hamas/Israeli truce. In related coverage, the papers report that Israel has decided to close commercial crossing points into Gaza on July 1 in response to the attack. Al-Ayyam reports that only the Rafah crossing point between Gaza and Egypt will be opened on July 1 for three days to allow the passage of individuals stranded in Egypt into Gaza and for ill Palestinians needing treatment to exit into Egypt.

The results of "negotiations" between Palestinian Authority President Abbas and Egyptian Chief of Intelligence Sulayman regarding internal Palestinian talks captures front page headlines. The two officials spoke in Sharm Al- Sheikh on the margins of the African Union summit on June 30. Nabil Amro, Palestinian Ambassador to Egypt, announced that Abbas and Sulayman have agreed that Egypt will host talks among Palestinian factions to reach a, "comprehensive understanding which will end division." A date for the talks has not been set, the papers report. In related coverage, Hamas leader Al-Zahar told media that Hamas has received an invitation to visit Egypt in early July to discuss the Israeli/Hamas truce and possible prisoner exchange involving Israeli soldier Shalit who was captured by Hamas two years ago. Separate reporting in all dailies notes that Israeli Premier Olmert emphasized the need to continue negotiations for the release of Shalit, after his July 30 meeting with Egyptian security chief Sulayman.

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BLOCK QUOTES:

¶1. Al- Quds independent prints its daily editorial entitled, "In view of the truce...where does Hamas stand now?" (07/01): "...I think that Hamas today realizes the meaning of practicing authority... Hamas authorities must... know how to run internal Palestinian affairs in the Gaza Strip without considering themselves both head of a resistance group and head of state. In my opinion, both [roles] cannot be combined ...because resistance has considerations that are different from those of the state... I think that Hamas is now at a crossroads and has to choose whether to follow a state system and all that it entails from A to Z...or to be a resistance [group] with its own strategies, means and mechanisms... this does not mean that the resistance should not have any relationship with the state, but the resistance can be but one participant in the state structure, it cannot be its head. Otherwise, Hamas will find itself [compelled to enforce actions] that are not compatible with a resistance movement, as is currently the case in the Gaza Strip..."

¶2. Independent Al- Ayyam runs its daily editorial entitled, "The truce: Stabilizing the fait accompli while awaiting future developments" (07/01): "... the truce agreement means the failure of the [Israeli] aggression and blockade policy... and [Israel's] readiness to admit this fait accompli. But this agreement may be merely a temporary truce, a pause on the way to further Israeli, regional and international developments, especially in regards to the destiny of [Israel Premier] Olmert's government, who is to succeed Bush, and what Bush will do after ending his presidency... therefore, Hamas should not boast of its victory [regarding the truce with Israel] because it is a limited one involving only one party and might lead to a deepening of the split [among Palestinians] instead of serving the cause of national dialogue and unity..."

Wallles